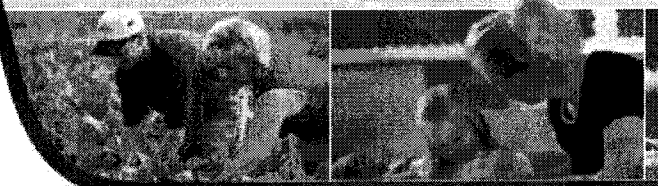


EXHIBIT 10  
 DATE 1/23/07  
 HB 227
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## **CARBON CREDIT AGGREGATION PILOT PROJECT**

The Chicago Climate Exchange (CCX) is a voluntary, pilot GHG emissions trading program targeting emissions and offsets in North America (US, Canada and Mexico) as well as limited offset projects in Brazil. The work is being carried out under the direction of Environmental Financial Products, LLC. For more information visit [www.envifi.com](http://www.envifi.com), [www.chicagoclimateexchange.com](http://www.chicagoclimateexchange.com) or [www.iowafarmbureau.com](http://www.iowafarmbureau.com). The Iowa Farm Bureau is working to aggregate carbon credits from Iowa farmers for sale on the Chicago Climate Exchange.

Carbon sequestration in soil and biomass will be recognized on the CCX through credits generated by projects that are registered and verified on the Exchange. In order to include carbon sequestered from improved tillage practices, EFP has been working with several design phase participants including agricultural cooperatives and other organizations that will act to aggregate credits generated by individual farmers, primarily in the Midwest US. Additional on-farm GHG emission reduction activities, such as methane capture and reduced nitrogen application, are also targeted for inclusion.

**Exchange Soil Offsets (XSOs):** To be eligible, the land enrolled in the XSO certification program must be capable of being cropped – that is, the land could be utilized for row crop or small grain production even though it may currently be in a harvested grass or forage crop. If such lands are farmed with row crops during the pilot project period, such crops need to be produced in a compliant no-till manner. Cropland that was put into CRP prior to Jan 1, 1999 will NOT be eligible for XSOs as a no-till crop. Cropland that is in a harvested hay crop as part of a crop rotation is eligible. (Revised eligibility restriction effective Jan 1, 2005). XSOs will be issued at the rate of 0.5 metric tons CO<sub>2</sub> equivalent per acre per year to farmers who commit to continuous conservation tillage (defined as continuous no-till, strip till or ridge till) on the enrolled land from 2003 through 2006. Enrolled acres may be planted in soybeans no more than two of the four years 2003, 2004, 2005 and 2006.

XSOs will also be issued to farmers who commit to maintain soil carbon storage realized as a result of establishment of grass cover plantings on eligible

## **MARKET DATA** ([Click here for live data](#))

### **CCX Carbon Financial Instruments, 2006 RECAP**

#### *Summary of trade*

Vintage	High	Low	Close	2006 Volume	Historic Volume
2003	\$5.30	\$1.50	\$4.10	827,500	1,677,800
2004	\$4.90	\$1.55	\$3.95	825,700	1,889,800
2005	\$4.80	\$1.55	\$4.05	966,100	2,310,600
2006	\$4.75	\$1.60	\$4.00	1,326,000	2,299,800
2007	\$5.00	\$3.00	\$3.75	1,523,600	1,523,600
2008	\$4.65	\$3.00	\$3.75	1,520,200	1,520,200
2009	\$4.60	\$3.10	\$3.75	1,590,300	1,590,300
2010	\$4.60	\$3.10	\$4.00	1,707,000	1,707,000
<b>Totals</b>				10,316,400	14,519,100

Price Units: Per metric ton of CO<sub>2</sub>

Volume Units: metric tons of CO<sub>2</sub>

## **LINKS**

[Soil Offset Contract](#)  
[Carbon Brochure](#)  
[Carbon Credit Program Presentation](#)  
[Carbon Dioxide Sink](#)  
[CCX Enrollment Backgrounder](#)  
[CCX Qualifying Counties Listing](#)  
[CCX Soil Offsets](#)  
[CCX XSO Q&A Sheet Revised](#)  
[International Panel on Climate Change Report on Carbon Capture & Storage](#)  
[XFO Sales Contract](#)  
[Historical Carbon Credit Price Graphs](#)  
[Methane Offset Contract](#)  
[Forestry Offset Contract](#)  
[Iowa Farm Bureau Carbon Credit Program](#)

land (land that is capable of being cropped) that were undertaken on or after January 1, 1999. The land must remain in permanent grass cover through 2006. XSOs for these recent grass cover plantings will be issued at a rate of 0.75 metric tons CO<sub>2</sub> equivalent per acre per year. In the event that the land fails to meet these requirements, all XSOs from such land shall be null and void and any payments for XSOs delivered prior to January 1, 2007 shall be repaid subject to interest and penalties as provided in the sales agreement.

**Definition of Conservation Tillage:** For CCX purposes these practices are as defined in the Natural Resources Conservation Service National Handbook of Conservation Practices. These definitions are: No-till/Strip-till - Managing the amount, orientation, and distribution of crop and other plant residue on the surface year-round while growing crops in narrow slots or tilled or residue-free strips in soil previously untilled by full width inversion implements; Ridge-till - Managing the amount, orientation, and distribution of crop and other plant residue on the soil surface year-round while growing crops on preformed ridges alternated with furrows protected by crop residue.

**Pricing:** The transfer price of the XSOs covered by this contract shall be the sales price as determined by sale through the Chicago Climate Exchange less a 10% service fee.

**Enrollment:** Enrollees must complete and submit an "Application for Participation in Chicago Climate Exchange Soil Carbon Pool and Credit Sale Contract for Exchange Soil Offsets (XSOs)". Applications can be obtained from the Iowa Farm Bureau, 5400 University Ave, West Des Moines, IA 50266 or by calling 515-225-5431. Through 2004, more than 80,000 acres have been enrolled.

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Farm Bureau Management Corp.  
Carbon Credit Program  
5400 University Ave  
West Des Moines, Iowa 50266

Contract No. \_\_\_\_\_

State \_\_\_\_\_

**APPLICATION FOR PARTICIPATION IN A SOIL CARBON POOL and  
SALES CONTRACT for EXCHANGE SOIL OFFSETS (XSOs)**

Seller \_\_\_\_\_ Phone \_\_\_\_\_ Date \_\_\_\_\_

Address \_\_\_\_\_ City/State/Zip \_\_\_\_\_

I, \_\_\_\_\_, hereby apply for participation in a soil carbon pool managed by the Farm Bureau Management Corporation to register Exchange Soil Offsets (XSOs) with the Chicago Climate Exchange (CCX) for the years 2006-2010 on property that I own or control. I hereby agree that \_\_\_\_\_ acres shall be in continuous conservation tillage as defined in this Agreement and that \_\_\_\_\_ acres shall be in continuous grass cover that was established on or after January 1, 1999. I further agree that I will abide by the rules of the CCX as they pertain to XSOs and to the conditions for Pool participation as set forth in this agreement.

Purchaser agrees to buy and seller agrees to sell and deliver to purchaser free from liens and encumbrances at 5400 University Ave, West Des Moines, Iowa, the rights to the Exchange Soil Offsets (XSOs) created during the years 2006 through 2010 through the application of Conservation Tillage to \_\_\_\_\_ acres and/or Permanent Grass Cover to \_\_\_\_\_ acres as submitted in the Exchange Soil Offset Enrollment Worksheet.

**Please complete and attach the Exchange Soil Offset Enrollment Worksheet**

XSOs accrue at the rate of 0.5 XSO per acre per year for eligible minimum till/No-till (Zone A).  
XSOs accrue at the rate of 0.75 XSO per acre per year for permanent grass cover. (Zones A or B)  
20% of the accrued XSOs shall be held in reserve by the Purchaser until December 31, 2010.

Seller warrants that the XSOs covered by this contract comply with all rules of the Chicago Climate Exchange. In particular Seller warrants that the land from which the XSOs covered by this contract arise shall be in continuous conservation tillage or permanent grass cover, as applicable, during the period January 1, 2006 through December 31, 2010. In the event that the land fails to meet these requirements, all XSOs from such land shall be null and void and any payments for XSOs delivered prior to January 1, 2011 shall be repaid subject to interest and penalties as provided in this agreement.

**\*The transfer price of the XSOs covered by this contract shall be the sales price as determined by sale through the Chicago Climate Exchange less a 10% service fee.**

**\* Exchange offset registration fees, offset verification costs and offset credit trading fees are the responsibility of the offset project owner. Offset registration fees, verification costs and offset credit trading fees will be deducted from pool proceeds prior to payment calculations.**

Sale of XSOs covered by this contract shall be at the sole discretion of the Purchaser, however all XSOs shall be priced no later than June 30, 2011. Payment for XSOs covered by this contract shall be made on a semi-annual basis. The parties to this contract hereby agree that the title to the XSOs shall be automatically delivered to the Purchaser on the first day of January following the year of in which sequestration occurred. By signature hereto, Seller irrevocably conveys title to the XSOs stated above as of the first day of January following the year in which sequestration occurred. Seller further warrants compliance with the terms and conditions contained in the Agreement for the period from January 1, 2006 through January 1, 2011.

\_\_\_\_\_  
Date \_\_\_\_\_  
Seller's Signature

\_\_\_\_\_  
Date \_\_\_\_\_  
Purchaser's Signature  
Farm Bureau Management Corp.

## Terms and Conditions

**CCX Offset Project Terms and Conditions:** By registering a project with Chicago Climate Exchange (CCX), each project owner agrees to and acknowledges the following Terms and Conditions in relation to the project and the Exchange Offsets issued by CCX:

1. The enrolled project meets all applicable eligibility rules of the Chicago Climate Exchange.
2. CCX will issue to the CCX Registry account of the project owner or its designated aggregator a quantity of Exchange Offsets that conforms to the applicable CCX Rules. Project owners will be notified of acceptance/rejection of their XSOs into the CCX registry account by the designated aggregator at or before the time of the first payment due the Seller hereunder.
3. Each sale of Exchange Offsets executed through the Chicago Climate Exchange shall represent a complete transfer of all legal rights associated with the mitigation of greenhouse gases that relate to the quantity and time periods associated with the Exchange Offsets that are established through fulfillment of the Terms of this contract.
4. The project owner or its CCX-registered aggregator may sell or retain the Exchange Offsets earned under the provisions of this agreement.
5. The project owner shall retain full legal ownership of all greenhouse gas mitigation rights that may accrue: (a) on lands or via activities not included in the CCX-registered project; (b) in excess of the quantity of Exchange Offsets issued by CCX to CCX-registered projects; (c) before or after the years 2003 through 2006 for the CCX-registered project.
6. Neither CCX nor the Iowa Farm Bureau make any warranty as to the marketability or market value of CCX Exchange Offsets.
7. Each project owner, and, when applicable, its aggregator, is required to periodically submit a signed project report that confirms conformance with the terms herein. Representatives of CCX may conduct on-site inspection of registered projects and related documents. Each project owner agrees to provide access in such cases in a prompt and cooperative manner. All CCX offsets projects and project reports and verification reports are subject to inspection and audit by the provider of regulatory services designated by CCX and by other independent experts as may be engaged by CCX.
8. CCX may request additional information and/or access to registered projects for the purpose of advancing understanding of greenhouse gas mitigation projects. Project owners may decline such access without penalty. In no cases shall research findings cause a reduction in the quantity of Exchange Offsets to be issued to a registered project.
9. Failure to conform to the provisions established herein may result in termination of enrollment in CCX and prohibition from all further participation in CCX.

**CCX Eligibility Requirements:** All CCX-eligible carbon sequestration projects (i.e. forestry and soil projects) that produce less than 12,500 metric tons CO<sub>2</sub> equivalent of Exchange Offsets per year must be registered through a CCX-registered aggregator. Projects that are represented in CCX by an Aggregator are referred to as "pooled projects". The "pool" refers to the multiple projects represented by the Aggregator. Each aggregator is assigned a CCX registry account which will hold all Offsets issued to projects it represents. Aggregators shall also be Authorized Traders in the CCX Trading Platform for such offsets. Aggregators shall be responsible for receiving from individual projects the CCX-required project reports, and for submitting to CCX summary reports of projects they represent. The terms of the business and legal relationships between aggregators and project owners are left to the discretion of those parties.

**Verifier:** Is a technically expert entity that is approved by CCX to conduct verification of CCX Exchange Offset projects.

**Offset Issuance:** CCX-eligible greenhouse gas mitigation projects can be recorded in the CCX Registry and will be issued Exchange Offsets on the basis of mitigation tonnage realized during the years 2006, 2007, 2008, 2009 and 2010. All Offset project mitigation effectiveness will be quantified on the basis of metric tons of CO<sub>2</sub> equivalence. Each Exchange Offset will represent one hundred metric tons of carbon dioxide (CO<sub>2</sub>) and will be identified by annual vintage.

**Vintage:** The vintage of an instrument is defined as the first year the designated instrument may be used for compliance with the CCX emission reduction schedule, or, as applicable, the CCX electricity purchase reduction schedule.

**Trading Authority:** Farm Bureau Management Corp. shall have sole authority to access the CCX Trading Platform and Registry account(s) holding the Offsets issued to projects it represents and to execute sales on the CCX electronic trading platform on behalf of project owners and distribute sales proceeds to project owners in accordance with the terms stated in this contract.

**Eligible projects and XSO issuance rates:** Project involving specified Agricultural soil carbon sequestration activities in designated states, counties and parishes in the U.S. shall be eligible to earn XSOs. Exchange Soil Offsets will be earned at a rate of 0.5 metric tons CO<sub>2</sub> per acre per year in "Zone A" to land managers who commit to continuous conservation tillage (defined as continuous no-till, strip till or ridge till) for the period 2006 through 2010 on the acres specified upon project registration. Enrolled acres may be planted in soybeans no more than three of the five years 2006 through 2010. The U.S. counties and parishes in which Conservation Tillage represents a CCX-eligible project are listed in Appendix 10-3A of the CCX Rulebook. Collectively these counties and parishes are defined as "Zone A" for CCX purposes.

Exchange Soil Offsets will be issued to land managers who commit to maintain soil carbon storage realized as a result of grass cover plantings that were undertaken on or after January 1, 1999. The commitment must be maintained 2006 through 2010 on the acres specified upon project registration. Under this provision XSOs will be at a rate of 0.75 metric tons CO<sub>2</sub> per acre per year in Zones A and B. The U.S. counties and parishes in which these practices may be credited are provided in Appendix 10-3B of the CCX Rulebook. Eligible locations under this provision are the counties and parishes of CCX Zone A and Zone B. XSOs may be issued in areas outside Zones A & B at rates to be determined by the CCX and published in the CCX Rulebook.

**Definition of Conservation Tillage:** For CCX purposes these practices are as defined in the Natural Resources Conservation Service National Handbook of Conservation Practices. These definitions are: No-till/Strip-till - Managing the amount, orientation, and distribution of crop and other plant residue on the surface year-round while growing crops in narrow slots or tilled or residue-free strips in soil previously untilled by full width inversion implements; Ridge-till - Managing the amount, orientation, and distribution of crop and other plant residue on the soil surface year-round while growing crops on preformed ridges alternated with furrows protected by crop residue.

**Non-compliance:** In the case of noncompliance with the Terms and Conditions contained in this CCX Exchange Soil Offsets contract the owner of the noncompliant project shall return a quantity of CCX Exchange Offsets and/or Exchange Allowances that is equal to the total quantity of XSOs that have been issued to the project during the years 2006 through 2010, or present payment in an amount equal to the cost of acquiring such replacement offsets or allowances. The owner shall also pay to the aggregator, a penalty equal to twenty percent (20%) of the value of all offsets or allowances covered under this Agreement, as well as interest accruing on said amounts from the date of noncompliance, as well as all costs incurred by aggregator in enforcing this provision, inclusive of reasonable attorney fees. The owner of the noncompliant project may be prohibited from further participation in CCX.

**Agricultural soil carbon reserve pool:** Each CCX XSO project shall be required to place 20% of the offsets it earns into a CCX soil carbon reserve pool. Such XSOs shall remain the property of the project owner(s) (pool participants in the case of aggregated projects) and all XSOs that remain in the pool shall be released to the project owners in late 2010. In the event that a project owner does not conform to the XSO performance requirements listed herein, such event shall be promptly reported to CCX (such reporting shall occur through a project's aggregator if the project is registered through an aggregator). CCX will then cancel offsets held in the Reserve Pool in an amount equal to the quantity of XSOs previously issued to the project.

## Additional Documents Needed

1. Iowa Farm Bureau/CCX Enrollment Worksheet
2. FSA maps of enrolled land
3. FSA crop certification summary – (Most recent CCC-578)
4. A deposit slip for your checking account (will allow us to do electronic transfer of funds directly to you).

## State \_\_\_\_\_

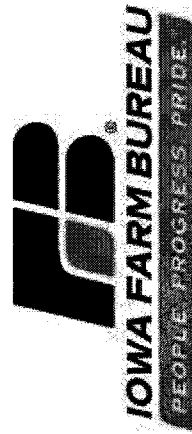
Contract No. \_\_\_\_\_

Date: \_\_\_\_\_

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# The Carbon Credit Aggregation Program of the Iowa Farm Bureau

Additional Revenue  
Opportunities for CRP,  
Continuous No-till, Strip-till  
and Ridge-till farmers.



## Zone "A" areas (no-till & grass)

**Arkansas counties:** Arkansas, Chicot, Clay, Crittenden, Desha, Jackson, Lawrence, Lincoln, Mississippi, Monroe, Phillips, Woodruff

**Illinois counties:** All except: Alexander, Calhoun, Gallatin, Massac, Pulaski, White.

**Indiana counties:** All except: Dubois, Gibson, Knox, Pike, Posey, Sullivan, Vanderburgh, Vigo.

**Iowa counties:** All counties.

**Kansas counties:** Allen, Anderson, Atchison, Bourbon, Brown, Butler, Chase, Cherokee, Clark, Clay, Cloud, Coffey, Cowley, Crawford, Dickinson, Doniphan, Douglas, Elk, Ellsworth, Franklin, Geary, Greenwood, Harvey, Jackson, Jefferson, Johnson, Labette, Leavenworth, Lincoln, Linn, Lyon, Marion, Marshall, McPherson, Miami, Montgomery, Morris, Nemaha, Neosho, Osage, Ottawa, Pottawatomie, Republic, Rice, Riley, Saline, Shawnee, Wabunsee, Wilson, Woodson.

**Kentucky counties:** Anderson, Bath, Boone, Bourbon, Boyle, Bracken, Breckinridge, Butler, Caldwell, Campbell, Clark, Crittenden, Daviess, Edmonson, Fayette, Fleming, Franklin, Gallatin, Garrard, Grant, Grayson, Harrison, Henderson, Henry, Hopkins, Jefferson, Jessamine, Kenton, Lincoln, Madison, Mason, McLean, Mercer, Montgomery, Muhlenberg, Nicholas, Ohio, Oldham, Owen, Pendleton, Robertson, Scott, Shelby, Spencer, Trimble, Union, Washington, Webster, Woodford.

**Louisiana parishes:** Ascension, Assumption, Avoyelles, Catahoula, Concordia, East Carroll, Iberville, Madison, Pointe Coupee, St. Charles, St. James, St. John Baptist, St. Landry, St. Martin, Tensas, West Baton Rouge.

**Michigan counties:** Allegan, Barry, Bay, Berrien, Branch, Calhoun, Cass, Clinton, Eaton, Genesee, Gratiot, Hillsdale, Huron, Ingham, Ionia, Isabella, Jackson, Kalamazoo, Kent, Lapeer, Lenawee, Livingston, Macomb, Mecosta, Midland, Monroe, Montcalm, Muskegon, Newaygo, Oakland, Oceana, Ottawa, Saginaw, Sanilac, Shiawassee, St. Clair, St. Joseph, Tuscola, Van Buren, Washtenaw, Wayne.

**Minnesota counties:** Big Stone, Blue Earth, Brown, Carver, Chippewa, Cottonwood, Dodge, Douglas, Faribault, Fillmore, Freeborn, Goodhue, Grant, Hennepin, Houston, Jackson, Kandiyohi, Le Sueur, Lincoln, Lyon, Martin, McLeod, Meeker, Mower, Murray, Nicollet, Olmsted, Pipestone, Pope, Redwood, Renville, Rice, Scott, Sibley, Steele, Stevens, Swift, Wabasha, Waseca, Watonwan, Winona, Wright, Yellow Medicine.

**Mississippi counties:** Bolivar, Coahoma, Humphreys, Issaquena, Leflore, Quitman, Sharkey, Sunflower, Talahatchie, Tunica, Washington.

**Missouri counties:** Adair, Andrew, Atchison, Audrain, Barton, Bates, Boone, Buchanan, Butler, Caldwell, Callaway, Carroll, Cass, Clark, Clay, Clinton, Cole, Daviess, DeKalb, Dunklin, Gentry, Grundy, Harrison, Henry, Holt, Howard,

Jackson, Jasper, Johnson, Knox, Lafayette, Lewis, Lincoln, Linn, Livingston, Macon, Marion, Mercer, Mississippi, Monroe, Montgomery, New Madrid, Nodaway, New Madrid, Nodaway, Osage, Pemisot, Pike, Platte, Putnam, Ralls, Randolph, Ray, Saline, Schuyler, Scotland, Scott, Shelby, St. Charles, St. Louis, Stoddard, Sullivan, Vernon, Warren, Worth.

**Nebraska counties:** Adams, Antelope, Boone, Buffalo, Burt, Butler, Cass, Cedar, Clay, Colfax, Cuming, Custer, Dakota, Dawson, Douglas, Dixon, Dodge, Fillmore, Gage, Greeley, Hall, Hamilton, Howard, Jefferson, Johnson, Kearney, Lancaster, Madison, Merrick, Nance, Nemaha, Nuckolls, Otoe, Pawnee, Phelps, Pierce, Platte, Polk, Richardson, Saline, Sarpy, Saunders, Seward, Sherman, Stanton, Thayer, Thurston, Valley, Washington, Wayne, York.

**Ohio counties:** Adams, Allen, Auglaize, Brown, Butler, Champaign, Clark, Clermont, Clinton, Crawford, Darke, Defiance, Delaware, Fairfield, Fayette, Franklin, Fulton, Greene, Hamilton, Hancock, Hardin, Henry, Highland, Logan, Lucas, Madison, Marion, Mercer, Miami, Montgomery, Morrow, Ottawa, Paulding, Pickaway, Preble, Putnam, Sandusky, Seneca, Shelby, Union, Van Wert, Warren, Wood, Wyandot.

**Oklahoma counties:** Craig, Mayes, Muskogee, Nowata, Okfuskee, Okmulgee, Osage, Ottawa, Rogers, Tulsa, Wagoner, Washington.

**South Dakota counties:** Bon Homme, Brookings, Clark, Clay, Codington, Day, Deuel, Grant, Hamlin, Hanson, Hutchinson, Kingsbury, Lake, Lincoln, Marshall, McCook, Minnehaha, Moody, Roberts, Turner, Union, Yankton.

**Wisconsin counties:** Buffalo, Calumet, Crawford, Columbia, Dane, Dodge, Fond du Lac, Grant, Green, Green Lake, Iowa, Jefferson, Kenosha, La Crosse, Lafayette, Milwaukee, Monroe, Ozaukee, Pepin, Racine, Richland, Rock, Sauk, Sheboygan, Trempealeau, Vernon, Walworth, Washington, Waukesha.

## Zone B Areas (grass only)

**Colorado counties:** Logan, Phillips, Sedgwick, Yuma.

**Illinois counties:** Alexander, Calhoun, Gallatin, Massac, Pulaski, White.

**Indiana counties:** Dubois, Gibson, Knox, Pike, Posey, Sullivan, Vanderburgh, Vigo.

**Kansas counties:** Barton, Cheyenne, Decatur, Ellis, Finney, Ford, Graham, Grant, Gray, Greeley, Grove, Hamilton, Haskell, Hodgeman, Jewell, Kearny, Lane, Logan, Mitchell, Ness, Norton, Osborne, Pawnee, Phillips, Rawlins, Rooks, Rush, Russell, Scott, Sheridan, Sherman, Smith, Stanton, Thomas, Trego, Wallace, Wichita.

**Nebraska counties:** Chase, Cheyenne, Deuel, Dundy, Franklin, Frontier, Furnas, Gosper, Harlan, Hayes, Hitchcock, Keith, Lincoln, Perkins, Red Willow, Webster.

### Participating in the Carbon Credit Market

A new market for agriculture is emerging – the market for carbon credits. Since 2003, the Iowa Farm Bureau, in conjunction with the Chicago Climate Exchange, has been offering farmers and/or landowners an opportunity to participate in this developing market for carbon credits. The Chicago Climate Exchange (CCX) is a voluntary, greenhouse gas (GHG) emissions trading program targeting emissions and offsets in North America (US, Canada and Mexico) as well as limited offset projects in Brazil. The Iowa Farm Bureau is working to aggregate farm-based carbon credits from agricultural offset projects for sale on the Chicago Climate Exchange.

Carbon sequestration in soil and biomass will be recognized on the CCX through credits generated by offset projects that are registered and verified on the Exchange. The Iowa Farm Bureau, as a CCX aggregator, is forming “pools” of ag-based carbon credits for certification through the CCX. The Iowa Farm Bureau manages and administers these carbon credit pools, registering the individual farm projects, maintaining the database of ag-based credits, interfacing with the CCX, managing the sales of the credits in the pools and distributing sales proceeds to the participants.

**Exchange Soil Offsets (XSOs):** To be eligible, the land enrolled in the XSO certification program must be capable of being cropped – that is, the land could be utilized for row crop or small grain production even though it may currently be

in a harvested grass or forage crop. If such lands are farmed with row crops during the project period, such crops need to be produced in a compliant no-till manner.

Cropland that was put into CRP prior to Jan 1, 1999 will NOT be eligible for XSOs. Cropland that is in a harvested hay crop as part of a crop rotation is eligible.

XSOs will be issued at the rate of 0.5 metric tons CO<sub>2</sub> equivalent per acre per year to farmers (in CCX Zone A) who commit to continuous conservation tillage (defined as continuous no-till, strip till or ridge till) on the enrolled land from 2006 through 2010. Enrolled acres may be planted in soybeans no more than three of the five years (2006-2010).

XSOs will also be issued to farmers who commit to maintain soil carbon storage realized as a result of establishment of grass cover plantings on eligible land (land that is capable of being cropped) that were undertaken on or after January 1, 1999. The land must remain in permanent grass cover through 2010. XSOs for these recent grass cover plantings will be issued at a rate of 0.75 metric tons CO<sub>2</sub> equivalent per acre per year (in CCX Zones A & B).

In the event that the land fails to meet these requirements, all XSOs from such land shall be null and void and any payments for XSOs delivered prior to January 1, 2011 shall be repaid subject to interest and penalties as provided in the sales agreement.

**Definition of Conservation Tillage:** For CCX purposes, these practices are as defined in the Natural Resources Conservation Service National Handbook of Conservation Practices. These definitions are:

**No-till/Strip-till** - Managing the amount, orientation, and distribution of crop and other plant residue on the surface year-round while growing crops in narrow slots or tilled or residue-free strips in soil previously untilled by full width inversion implements;

**Ridge-till** - Managing the amount, orientation, and distribution of crop and other plant residue on the soil surface year-round while growing crops on preformed ridges alternated with furrows protected by crop residue.

**Pricing:** The transfer price of the XSOs aggregated by the Iowa Farm Bureau will be the net sales price (less exchange fees) as determined by sale through the Chicago Climate Exchange less a 10% service fee.

**Enrollment:** Enrollees must complete and submit an “Application for Participation in Chicago Climate Exchange Soil Carbon Pool and Credit Sale Contract for Exchange Soil Offsets (XSOs). Application forms can be obtained on-line at

<http://www.iowafarmbureau.com/special/carbon/default.aspx>

or by contacting:

Iowa Farm Bureau, Carbon Credit Program,  
5400 University Ave, West Des Moines, IA  
50266 or by calling 515-225-5431. To date, more than 333,000 acres have been enrolled.



Carbon Credit Aggregation Pilot Project  
Questions & Answers  
Exchange Soil Offsets  
(Revised Nov 21, 2005)

**1. Can you clarify what land is eligible for the pilot program?**

**Answer:** To be eligible, the land enrolled in the XSO certification program must be capable of being cropped – that is, the land could be utilized for row crop or small grain production even though it may currently be in a non-grass hay crop. If such lands are farmed with row crops during the pilot project period, such crops need to be produced in a compliant no-till manner. XSOs will be issued at the rate of 0.5 metric tons CO<sub>2</sub> equivalent per acre per year to farmers who commit to continuous conservation tillage (defined as continuous no-till, strip till or ridge till) on the enrolled land from 2006 through 2010.

**2. Can you clarify the status of land that was put into grass prior to Jan 1, 1999?**

**Answer:** Land that had grass established on it prior to Jan 1, 1999 is not eligible for the pilot program. (Revised Jan 1, 2005) Crop ground that is in harvested hay as part of a crop rotation is eligible.

**3. Can you clarify the definition of no-till?**

**Answer:** For CCX purposes these practices are as defined in the Natural Resources Conservation Service National Handbook of Conservation Practices. These definitions are: No-till/Strip-till - Managing the amount, orientation, and distribution of crop and other plant residue on the surface year-round while growing crops in narrow slots or tilled or residue-free strips in soil previously untilled by full width inversion implements; Ridge-till - Managing the amount, orientation, and distribution of crop and other plant residue on the soil surface year-round while growing crops on preformed ridges alternated with furrows protected by crop residue.

Tillage equipment that is definitely classified as a “full width inversion implement” includes:

- moldboard plow
- chisel plow
- tandem disk
- offset disk
- field cultivator

Equipment that is allowable within the pilot program includes:

- no-till, strip-till and ridge till planters
- no-till drill
- ridge-till cultivator
- rolling harrows (Philips harrow, Phoenix harrow)
- Liquid manure injector (subject to general guideline listed below)
- Anhydrous ammonia applicator
- Sub-soiler/ Ripper with at least a 24 inch shank spacing

A general guideline is that after the implement has been through the field, there must still be a substantial amount of surface residue present and the soil disturbance must not be full width. If use of the implement would require that a leveling or smoothing activity follow, it would probably result in too much soil disturbance.

If you have further questions, please contact David Miller at 515-225-5430 or by e-mail at: [damiller@ifbf.org](mailto:damiller@ifbf.org).